

PRODUCT DISCLOSURE SHEET**HSBC Amanah**

Dear Customer,

HSBC Amanah Malaysia Berhad (Bank)

This Product Disclosure Sheet (PDS) provides you with key information on your Trade Services/Financing. Other customers have read this PDS and found it helpful; you should read it too.

Date: **(1) What is a Receivables Finance-i?**

Receivables Finance-i (RBF-i) is a Shariah Compliant product designed to provide your business/company with immediate and secure cash payment of up to maximum 85% of the value of your local and export sales invoices, from the point your business/company sell goods to a Buyer until, the Buyer settles their account at the end of the agreed financing term. The remainder 15% or more, less the financier's fee and charges, is paid to your business/company when the full invoice payment is received from the Buyer and cleared by our Bank. In this relationship, Buyer is notified of the assignment of receivables and payments are to be made directly from the Buyer to our Bank. Under RBF-i proposition, you are required to assign to the Bank absolutely, all rights and titles in all existing and future debts owed by an approved Buyer upfront via the execution of the Receivables Finance Agreement-i. You are required to promptly perform all your sales obligation to your Buyer under each Contract of Sales, and, at HSBC's request, to provide satisfactory evidence of performance to pursue payment from your Buyer. You are obliged to:-

- Notify Bank immediately of any dispute of any kind between your business/company and the Buyer relating to a commercial dispute and to resolve that dispute immediately.
- Ensure due and punctual payment by Buyer to the Bank of all receivables.

In the event that the Buyer fails to make timely payment and/or upon occurrence of a recourse event (e.g. disputed Receivables, non-performance of obligations under the invoices), the Bank may request your business/company to pay HSBC such relevant sum which become due and payable due to a recourse event (as defined in the Receivables Finance agreement-i). Kindly note as RBF-i is a product designed on a revolving and whole turnover basis vis-à-vis an approved Buyer, the Bank will not be able to provide notice of re-assignment for each disputed Receivable re-assigned to you until the facility is terminated and/or expired, and notice of re-assignment may be issued if applicable. Nonetheless on a case to case basis, notice of re-assignment may be issued upon request subject to the Bank's approval

To pay the amount due to the Bank in the event the receivables become Disputed.

Benefits – What do I get from this product?

Essentially, RBF-i is a complete financing package that combines working capital financing, credit risk protection and collection services. In short, there are three

(3) main elements of RBF-i facilities:

Financing	Financing is made available to the Seller when its account receivables to local or overseas buyers are assign to the Bank through the Receivables Finance-i Agreement. RBF-i facility is directly linked to your sales, instead of a collateral.
Credit Protection	You can mitigate your Buyer risk through our credit protection option, which can cover up to 90% of your sales
Sales Ledger Management and Collection of Payment on Invoices	This refer to cases where your business/company is able to outsource your sales ledger management and collection to our Bank through our dedicated credit control function

(2) What is the Shariah concept applicable?

The applicable concept is Commodity Murabahah (with deferred payment to be made through assignment of Receivables to the Bank). Under this structure, the customer will appoint the Bank as their agent to buy on their behalf the Shariah-compliant commodities from the Bank as seller at the Bank's selling price (i.e. cost price plus profit at Contracted Profit Rate p.a.) on a deferred payment basis where the deferred price is settled through assignment of receivables (following the establishment of the Facility and issuance of the invoice). Following this, the Bank as the customer's agent will sell Shariah-compliant commodities which the customer has bought, at cost price to Bursa or other approved asset exchange. The proceeds from the sale of the customer's commodities will be used to create the customer's Facility Limit. The sale of commodities will be executed once every 5 years* to maintain the Facility Limit (subject to annual credit review and rollover). The customer is obliged to pay the selling price to the Bank. The profit is set at the agreed Contracted Profit Rate ("CPR") of 15%. However, the Bank will charge the customer based on the Funds in Use amount computed at Effective Profit Rate ("EPR" – Bank's prevailing reference rate plus a margin). The difference between CPR and EPR will be granted as rebate ('ibra) to customer. Thus provided EPR stays below the CPR, customers are only expected to pay the EPR. The Bank cannot charge the customer more than the CPR under the facility. **Explanatory Note: The 5 years period is a mere product feature to implement the Shariah structure of the Facility and should not be taken as implying that this is a committed facility for a period of 5 years or more.*

(3) Know Your Obligations

You will need to pay for a Service Charge of up to a max of 0.75% flat for Non-SME/0.3% flat + staff handling cost of RM140 for SME on the invoice value and if financing is required, you will need to pay the Discount Charge calculated daily on the Funds in Use amount extended to the seller, and based on an agreed margin plus published reference rate (e.g. Base Financing Rate, KLIBOR, Risk Free Rates such as SONIA for GBP, and EURIBOR) or the bank's internal cost of funds of relevant currency plus profit margin of up to maximum of 3.00% as stipulated in the Receivables Finance-i Facility Letter (where applicable) and/or the relevant Receivables Finance-i Agreement.

Illustration

- Your Invoice amount : RM350,000; Service charge = 0.5%
- Your discounting charge : : KLIBOR 3 months + 0.5% margin = 4.5% p.a.

You will receive a discounted amount of up to a max of 90% of the invoice amount = RM315,000. On month end, you will need to pay a total estimate of RM2,915 (RM1,165+RM1,750).

You also have to pay other fees and charges where applicable per our published tariff
@<https://www.business.hsbcamanah.com.my/en-gb/regulations/rates-tariff-and-charges>

It is your responsibility to:

Read and understand the key terms in the contract before you sign it



You are required to promptly perform all your sales obligation to your Buyer under each Contract of Sales, and, at the HSBC's request, to provide satisfactory evidence of performance to pursue payment from your Buyer.



Contact us immediately if you are unable to pay the due amount.



You are required to assign to the Bank absolutely, all rights and titles in all existing and future **receivables** owed by an approved Buyer upfront via the execution of the Receivables Finance Agreement-i.

(4) Know Your Risks**What if I fail to fulfil my obligations?**

(i) In the event of a default in such payment exceeding the maturity/due date, your business/company will need to pay compensation for late payment until the financing is fully paid, which will be debited and/or set off from any credit balance(s) in any of your business/company's account(s). Compensation for late payment will be based on a rate not exceeding the prevailing IIMM (Islamic Interbank Money Market) rate

What is the major Risk?

Discounting Charge is subject to the fluctuation risks depending on the prevailing Base Lending Rate or KLIBOR, Term SOFR (USD), SONIA (GBP), EURIBOR (EUR) or any other applicable Risk Free Rates or the bank's internal cost of funds as per your Receivables Finance agreement-i.

Factoring of foreign currency invoices are subject to foreign exchange risks.

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(ii) Right to Set-Off - In the event of a default, the Bank reserves the right, at any time and with notice, to apply and debit and/or set off from any credit balance(s) in any of your business/company's account(s).	An increased Effective Profit Rate may result in higher payment of profit on the drawdown amount from your business/company.
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(5) What if I fully settle the facility before its maturity?

The Bank shall, subject to your compliance of all terms and conditions, grant a rebate (Ibra) to you in respect of any early settlement of the Bank's selling price (under the applicable asset sale agreement) equal to deferred profit for the period after early settlement date to payment due date. For foreign currency financing, the rebate is subject to reduction based on conversion rate by the Bank.

<p>Formula:</p> <p>Illustration of Facility Profit & Early Settlement Computation</p> <p>Example of Actual Total Profit</p> <p>Financing Amount : RM100,000.00</p> <p>Contracted Profit Rate (CPR) : 15%</p> <p>Effective Profit Rate (EPR) : KLIBOR +1.5% = 6%</p> <p>Tenure : 90 days</p> <p>Tenure Begins On : 01 January 2023</p> <p>Tenure Ends On : 31 March 2023</p> <p>Note: Customer will always pay at EPR. The difference between CPR and EPR is a discretionary rebate from the Bank to the client. In case of Early Settlement, the Bank may grant additional rebate.</p>	<p>Example of Profit Computation</p> <p>Actual Total Profit is calculated as follows:</p> <p>Actual Total Profit = $\frac{\text{Financing Amount} \times \text{Effective Profit Rate} \times \text{Actual No. of days}}{365}$</p> <p>$= \frac{\text{RM100,000.00} \times 6\% \times 90 \text{ days}}{365} = \text{RM1,479.45.00}$</p> <p>Example of Early Settlement</p> <p>Customer wishes to early settle on the 31 January 2023, where:</p> <p>Accrued Actual Total Profit = $\frac{\text{RM100,000.00} \times 6\% \times 31}{365} = \text{RM509.59}$</p> <p>Unaccrued Actual Total Profit = $\frac{\text{RM100,000.00} \times 6\% \times 59 \text{ days}}{365} = \text{RM969.86}$</p>
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Early Settlement Charges: RM0

Ibra' (Rebate) = Unaccrued Actual Total Profit – Early Settlement Charges (if any) = RM969.86 – RM0 = RM969.86

Settlement Amount = Outstanding Principal + Accrued Actual Total Profit = RM100,000 + RM509.59 = RM100,509.59

Note: The values illustrated above may change according to a number of variables such as promptness of payments by customer, different amount of disbursement and prepayments.




(6) Other Key Terms

- You will be classified as bad and doubtful after 90 days default in payment obligation and this RBF-i facility may be withdrawn/cancelled.
- HSBC recommends that before you make any decision or accepting any of the Bank's terms and conditions for this product, you should consult with qualified professional advisers to obtain the appropriate financial, legal, accounting, tax or other advice to ensure adequate understanding of your key contractual obligations under these terms and conditions.
- Collateral / Guarantor may be required on a case to case basis depending on your payment capabilities and other credit considerations
- Standard Cut-Off Times (Monday to Friday except for public holidays) for settlements are subject to the respective foreign currencies cut-off time and provided that complete information is received. Funding of invoices are generally within 2 working days subject to full completion of required documentation.

Cross Border Payments	12.00 p.m. (exclude AUD & JPY)	10.00 a.m. (for AUD & JPY)
Ringgit Payments (Rentas)	11.00 a.m.	

- Service delivery standards shall depend on customer's grouping as "Premier" or "Standard" or as agreed in customer's legal agreements.
- Please inform us of any change in your contact details to ensure that all correspondences reach you in a timely manner. Changes in your contact details should be formally submitted in writing and duly authorized by the company's authorized signatories.
- For more details, you may refer to the *bankinginfo* booklet on 'Small and Medium Enterprises - Financing Products for Your Business – Trade Financing – Bank Guarantee', available at www.bankinginfo.com.my. Kindly take note that the information available in the *bankinginfo* booklet refers to types of financing products in general, and is not an exact representation of products offered by the Bank

Where can I get assistance and redress?

 <p>Call us at:</p> <p>Client Service Team</p> <p>Tel: 1-300-88-1099</p>	 <p>Visit us at:</p> <p>@https://www.business.hsbcamanah.com.my/en-gb</p>	 <p>Email us at:</p> <p>trade.clientservice.st@hsbc.com.my</p>	<p>Agensi Kaunseling dan Pengurusan Kredit (AKPK)</p> <p>Tel: 03-2616 7766</p> <p>(Monday to Friday; 9am - 5:30pm)</p> <p>E-mail: enquiry@akpk.org.my</p>
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If your query or complain is not satisfactorily resolved by us, you may contact:

HSBC	BNM Telelink	Financial Markets Ombudsman Service (FMOS)
<p>Customer Experience Team</p> <p>Telephone: +603-2075 6235</p> <p>Facsimile: +603-88942811</p> <p>E-mail: complaints@hsbc.com.my</p>	<p>Tel: 1-300-88-5465</p> <p>(1-300-88-LINK)</p> <p>(Overseas: 603-2174-1717)</p> <p>Fax: 603-2174 1515</p> <p>Web form: eLINK at @https://telelink.bnm.gov.my/</p>	<p>By fax/email/post</p> <p>Chief Executive Officer</p> <p>14th Floor, Main Block,</p> <p>Menara Takaful Malaysia</p> <p>No. 4, Jalan Sultan Sulaiman</p> <p>50000 Kuala Lumpur</p> <p>In Person (walk-in)</p> <p>14th Floor, Main Block,</p> <p>Menara Takaful Malaysia</p> <p>No. 4, Jalan Sultan Sulaiman</p> <p>50000 Kuala Lumpur.</p>

Customer's Acknowledgement*

Ensure you are filling this section yourself and are aware of what you are placing your signature for.

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I acknowledge that HSBC Amanah Malaysia Berhad has provided me with a copy of the PDS.
I have read and understood the key information contained in this PDS.

**A customer's acknowledgement of this PDS shall not prejudice his/her rights to seek redress in the event of subsequent dispute over the product terms and conditions.*

The Customer hereby acknowledges and agrees that by signing this document (or by way of an email confirmation provided to HSBC Amanah) all the terms and conditions of the Product Disclosure Sheet have been explained to them.

Name:
Date

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